

PSJ10 Exh 9



July 9, 2012

To: Brenda Vesey, John LaRocca, Michael Clarke  
From: Hill+Knowlton Strategies  
Re: Prescription Drug Abuse Response Strategy

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Prescription drug abuse is a widespread and growing problem in the United States, with young adults aged 18 to 25 the most common non-medical users of prescription drugs. According to the 2010 National Survey on Drug Use and Health, nearly 6 percent of respondents in this age group reported non-medical use of prescription drugs within the month prior to taking the survey. In this and other surveys, significant majorities report friends and family as their primary sources of prescription drugs (with or without the providers' knowledge and/or consent).

The most widely abused prescription medications fall into three therapeutic categories: opioid pain relievers, CNS stimulants and CNS depressants. Actavis currently manufactures and/or distributes at least six products in these categories for the U.S. market: oxycodone, fentanyl, promethazine w/codeine syrup, alprazolam, methylphenidate and mixed amphetamine salts. (The first four are commonly abused recreationally, while methylphenidate and mixed amphetamine salts are widely taken by high school and college students as academic-performance-enhancing substances.)

The Actavis name also is frequently associated in social media, online message boards and markets with inappropriate use and questionable distribution of at least some of the above-noted medications, particularly oxycodone and promethazine/codeine syrup. These include comments regarding the quality and potency of Actavis' products, dosing recommendations and advertisements for online sales of purportedly Actavis product.

Additionally, the Actavis name has become part of the lexicon of a subset of the music industry in which performers glorify and romanticize abuse of promethazine/codeine syrup. This extends to misappropriation of the Actavis name, logo and trademarks by performers such as "DJ Actavis," songs such as "Cream Soda and Actavis" and at least one apparent distribution company, "Actavis Music." (Please note that in course of our communications consultancy to Actavis, we have referred numerous observations of these apparent trademark infringements to the appropriate members of the Actavis legal team for follow-up.)

Just as the problem of prescription drug abuse is multi-dimensional, the above circumstances create actual or potential problems for Actavis from numerous perspectives. For example, unchallenged use of the Actavis name and marks to promote prescription drug abuse as with promethazine/codeine may



wrongly imply tolerance or even tacit approval of this activity and expose the company to liability in the event of an overdose or other harm related to the misuse of this product.

Similarly, the purported availability of Actavis product for sale by essentially anonymous individuals may undermine confidence in the security and integrity of the supply chain and harm the company's reputation among legitimate customers or potential customers, or cause the company to become subject of unwarranted scrutiny by regulatory and/or legislative authorities. Especially in the context of the pending sale to Watson, either of these potentialities (or others) could prove irreparably harmful to the long-term best interest of the company, its stakeholders and employees and the markets it serves.

We recommend a three-pronged strategy to address these issues and mitigate these and other potential threats related to the company's association with abused prescription medications.

**1. Abuse Awareness and Prevention:** Publicly express Actavis' awareness of and commitment to addressing the problem of prescription drug abuse and actively engage with organizations at all levels already involved in the effort.

A draft statement of the company's concerns and commitment was provided on June 22, along with links to free and non-copyrighted resources provided by the White House Office of National Drug Control Policy and the National Institutes of Health. As a first step, we recommend posting this statement and link(s) at Actavis' U.S. website, ideally on a dedicated "Rx Abuse Prevention" page within the "Products" section and linked to from the homepage. New content can be added to this page as resources and initiatives are identified and pursued.

Concurrent with Actavis' commitment to its host communities in the U.S., the company also should partner with local non-profit organizations and agencies working to address the problem of prescription drug abuse – especially among teenagers and young adults. This involvement should go beyond providing financial support to include participation by Actavis employees and/or executives in their activities. This would convey the company's genuine commitment to addressing the problem, provide Actavis a positive platform in which to participate in the public discussion of it, and promote greater understanding among all involved parties.

- Morris County Prevention is Key, located in Rockaway, NJ, represents an immediate opportunity for involvement. The organization is currently conducting a needs analysis and will begin drafting its strategic plan for the coming year later this summer, and the Morris County business community is underrepresented in its membership (free to join). This timing affords Actavis greater flexibility in defining its role with the organization rather than attempting to "shoehorn" into an existing framework or timetable.

Actavis (eventually Watson/Actavis) could eventually leverage local partnerships and the company's GPhA membership into national initiatives at



the industry level, helping further the value proposition of generic medications to American health consumers and overall society.

- 2. Social Media:** Appropriately counter the potentially dangerous messages about prescription drug misuse, especially those involving the Actavis name and marks, in the same venues where they are being disseminated.

After first assessing the scale and nature of the messages surrounding prescription drug abuse and its connection to the Actavis name, develop and strategically deploy both proactive and responsive messaging across various media platforms. These messages will promote awareness of the dangers of prescription drug abuse while distancing Actavis from inappropriate associations.

The social media strategy also would seek to work with the assorted channels through their established procedures to remove content that violates Actavis' trademarks.

- 3. Operations/Compliance Communications:** Become more proactive in communicating Actavis' efforts to prevent the misuse of prescription drugs. Steps to prevent the misappropriation of the Actavis name and any partnerships with drug abuse prevention organizations should be announced through external and internal communications channels.

In addition, the "Rx Abuse Prevention" page of the website should feature a section entitled "What Actavis is Doing to Prevent Rx Abuse." The section should include information about the Suspicious Order Monitoring system and Actavis' use of the DEA-approved Controlled Substance Ordering System, as well as other steps to safeguarding the company's supply and distribution chain.

We would like to follow up with you at your earliest convenience after you have had time to review these suggestions to discuss options for moving forward, and to begin developing a mutually suitable timetable. Although we recognize that the pending acquisition by Watson may influence your decision on long-term initiatives, with regard to this issue we believe that action now would represent a genuine and immediate value-add for the integrated company that will only enhance its brand identity.